

MILPITAS PLANNING COMMISSION AGENDA REPORT

Category: New Business

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TITLE: Housing Element Implementation Status Report

Proposal: Present Annual Status Report and Housing Element Implementation

Location: City of Milpitas (Citywide)

APN: N/A

RECOMMENDATION: Note receipt and file

Applicant: City of Milpitas

Property Owner: N/A

Previous Action(s): Housing Element-Approved by Planning Commission (Sept. 25, 2002)
Midtown Specific Plan-Approved By Planning Commission (Feb. 27, 2002)

General Plan Designation: N/A

Present Zoning: N/A

Existing Land Use: N/A

Agenda Sent To: N/A

Attachments: Matrix of Housing Goals, Accomplishments and Status Report

BACKGROUND

At its meeting on September 25, 2002, the Planning Commission reviewed and recommended adoption of the Milpitas General Plan Housing Element to the City Council. On October 22, 2002, the City Council adopted the Housing Element. After the City Council adoption of the Housing Element, the document was forwarded to the State of California, Department of Housing and Community Development (HCD), which found the Milpitas Housing Element to be in compliance with state law. At the Planning Commission meeting, the Commission requested staff to provide an annual update and status report on housing activities that implements the Housing Element policies.

Housing Production:

Pursuant to state law, the state, regional council of governments (ABAG) and local governments must collectively determine each locality's share of regional housing needs. These allocations set housing production goals for the planning period that runs from January 1, 1999 to June 30, 2006. Effective July 14, 2003, SB 491 was passed by the California Legislators extending the next Housing Element reporting period by one year from June 30, 2006 to June 30, 2007. The following is a summary of ABAG'S housing need allocation for Milpitas:

<u>Income-Level</u>	<u>Units</u>	<u>Percent</u>
Very-low (50% AMI)	698	16 %
Low (51%-80% AMI)	351	8.1%
Moderate (81%-120% AMI)	1,146	26.4%
Above Moderate	<u>2,153</u>	<u>49.5%</u>
Total:	4,348	100%

(AMI): Area Median Income

To date, Milpitas has provided 1,217 (28%) of the total number of units required by ABAG. An additional 1,524 units has currently been approved or are anticipated to be reviewed and considered for approval by the Planning Commission and City Council:

<u>Proposed Projects</u>	<u># of Units</u>	<u># of Affordable Units</u>
Parc North	285	58
Apton Plaza	101	19 (**)
Edsel Court	16	4
Kaufman & Board	721	144 (**)
Town Center	68	19(**)
U.S.A. Properties (140 Senior Units)	<u>308</u>	<u>140 (*)</u>
Total:	1,499	384

(*) Other affordable units may be provided in the balance (168 units) of the project.

(**) Ratio of Affordability to be negotiated between city and developer.

It is anticipated that approximately another 1,499 housing units will be constructed within the City. Including the existing 918 built to date, a total of 2,417 housing units will be built which represents 55.5% of the total number of units to meet the ABAG Regional Fair Share Housing goals for the City of Milpitas. Of the total number of units (2,417) 20% is expected to be affordable units (483). The proposed USA Properties project will include senior housing, in which all of the 140 units will be affordable to senior households. Staff anticipates that a portion of the remaining 168 units will also be affordable to various income groups.

Staff is still negotiating with developers on several of the proposed projects to determine the ratio for very low, low and moderate income-households to meet the ABAG regional housing goals.

Affordable Housing:

Currently, the City of Milpitas has 668 affordable housing units with long-term affordability restrictions on the units. The following projects have been provided affordable units:

MILPITAS AFFORDABLE HOUSING PROJECTS

AFFORDABLE HOUSING Developments	<u># of Units</u>	<u>Very Low</u>	<u>Low</u>	<u>Moderate</u>
• Crossing Apartments	468	94	N/A	N/A
• Montevista Apartments	306	77	76	153
• Parc Metropolitan	450	N/A	10	18
		N/A	35	33
• Summerfield Homes	110	N/A	22	N/A
Terrace Gardens (Senior Units)	150	150	N/A	N/A
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TOTAL:	1,484	321	143	204

If the proposed projects NOTED above are built, an additional 384 affordable housing units will be added to the City's housing stock. This will bring the total number of affordable housing units in Milpitas to 1,054 units. It should be noted that City of Milpitas Mobilehome Park Rental Increase Ordinance adopted in 1992 provides affordability to 572 mobilehome-park residents, which served as another means of affordable housing. This will bring the total of affordable units to 1,624 in Milpitas.

Affordable Housing Policies

The Milpitas General Plan Housing Element and Midtown Specific Plan identify several major housing policies related to affordable housing:

General Plan Housing Element

- Facilitate the development of at least 351 new housing units affordable to low-income households and at least 698 new housing units affordable to very low-income households.

Examine the feasibility of increasing the redevelopment tax increment housing set-aside above 20 percent in-line with the City's ongoing commitment to supporting affordable housing production.

- C-I-2 The City of Milpitas will continue to target the provision of at least 20 percent affordable units within all new multi-family residential projects.

In conformance with policies established for new residential development by the Midtown Specific Plan, determine affordable housing requirements on a project-by-project basis, aiming for a minimum 20 percent affordable in all housing developments.

- C-I-3 Milpitas will provide density bonus and other incentives for projects which provide affordable units.
- The City will promote the ability of lower and moderate-income households to become homeowners.

Midtown Specific Plan

- Policy 3.5: Provide housing for all income levels (i.e. very low, low, moderate and above moderate households as defined by the US Department of Housing and Urban Development (HUD) throughout the plan area.
- Policy 3.6: Affordable housing units should be provided with new housing developments. Determine affordable unit requirements on a project-by-project basis, considering the size of the project, the location of the site, and the mix of affordable units in the planning area. Allow housing developments of twelve units or less to pay a fee in-lieu of providing affordable units.
- Policy 3.7: Integrate affordable units within market-rate developments; ensure that affordable units are architecturally integrated and indistinguishable from market-rate units.
- Policy 7.8: Use available housing set-aside funds to assist in the provision of affordable rental and ownership housing within market rate projects when necessary. Leverage funds to maximize affordability.
- Policy 7.9: Establish an in-lieu fee program for affordable housing in compliance with policy 3.6. Determine the in-lieu fee on a project-by-project basis in order to reflect the most current market changes in the cost of providing housing units.

On April 9, 2003, the Planning Commission reviewed the draft Affordable Housing Ordinance and recommended denial (5 to 2 vote) to the City Council. The Draft Affordable Housing Ordinance was prepared as the vehicle to implement the Housing Element and Midtown Specific Plan policies. Staff is currently working on revising the ordinance and establishing a Housing Task Force Group to assist on the preparation of the revised ordinance.

Affordable Housing Incentives

The City of Milpitas provides the following types of incentives to developers to provide affordable housing within their development projects.

- **Financial**-The City of Milpitas has provided financial incentives in the form of grants low interest rate loans, assistance with land acquisition, construction costs, payment of development impact fees (traffic, park, school, etc.) and down payment assistance to first-time homebuyers.
- **Reduction in Development Standards**-Milpitas has reduced various types of development standards as a trade-off to the public benefit of providing affordable housing in development projects. Parking, setback and height requirements are just an example of the type of development standards that have been reduce to support affordable housing projects.
- **Increased Density (State Density Bonus Law)** Pursuant to the State Density Bonus Law, the City of Milpitas has granted densities that exceed the underlining General Plan and Zoning Designations (as required by state law), provided the developer provides the following:
 - a.) At least 10% of the units for very low income households
 - b.) At least 20% of the units for low income households
 - c.) At least 50% of the units for senior households
 - d.) At least 20% of the units in a condominium project

In return, the City must grant at least one incentive or concession to the development, which may include financial incentive. Density bonus law was adopted by the State of California as a vehicle to increase and enhance the amount of affordable housing with provisions to assist the housing developers.

Other Types of Housing Programs:

Through the Community Development Block Grant (CDBG) Program, the City of Milpitas provides several other types of housing programs:

Single Family Rehabilitation Loan Program-The City of Milpitas provides zero or very low interest rate loans (deferred) to lower income household for home improvement and repairs. Approximately 8-10 Milpitas residents benefit from these loans annually.

Economic and Social Opportunities (ESO)-ESO provides weatherization and energy sufficient home improvements to the Milpitas senior homeownership population. Forty-eight (48) Milpitas residents will benefit from these services during the current fiscal year.

Emergency Housing Consortium (EHC)- EHC provides home-shelters for the Milpitas and Santa Clara County homeless population. Fifty-three (53) Milpitas residents (including families with children) will benefit from these services during the current fiscal year.

Catholic Charities of Santa Clara County-This program provides shared housing that matches individual's income and housing needs with potential property owners. Background checks and monitoring for the first six months are conducted to assure on a smooth transition for both parties

involved. Twenty-two (22) Milpitas residents will benefit from these services during the current fiscal year.

Project Sentinel- Project Sentinel serves as City staff in regards to investigating housing discriminations and resolving tenant/landlord disputes and resolutions. The entire Milpitas population will have access to these housing services.

Summary

In general, Milpitas offers a wide range of housing programs for its residents, including 745 existing affordable housing units. Another 572 units are under rent control (affordable) within the four mobilehome parks within the City. It is anticipated that an additional 1,500 units will be built within the next 1-2 years. Approximately 384 of the 1,500 units will be affordable to low and moderate-income households. City staff will continue to strive to achieve 20 percent affordability in all residential projects.

The Midtown Specific Plan has the capacity to accommodate approximately 5,000 dwelling units with various permitted densities to provide diversity of housing types (single family, condominiums, townhomes, multi-family rental, and for-sale units) within in the City's housing stock. The City of Milpitas will continue to encourage and provide incentives to the residential development community to ensure that housing opportunities are available to all segments of our population.

City of Milpitas Housing Goals/Accomplishments

Housing Element Guiding Principals	Status	Implementing Policies
<p>A-G-1: Maintain High Quality Residential Environments</p>	<p>The Milpitas Midtown Specific Plan policies along with the design review process citywide requires residential development projects to maintain the highest quality to residential development. Private, public open space, recreational amenities, pedestrian friendly developments are just a few development standards that are required to enhance the quality of life in residential projects</p>	<p>A-I-1: Code Enforcement Program-Through the Neighborhood Beautification Ordinance (NBO), the City of Milpitas has worked with individual property owners and neighborhoods to address and correct code violation.</p> <p>Replacement/Relocation Program: The City of Milpitas will assist households that may be displaced through code enforcement activities.</p>
<p>A-G-2: Preserve Housing Resources</p>	<p>The City of Milpitas will continue to use its financial resources through it 20% Redevelopment Agency Set-Aside Housing Fund, Community Development Block Grant and pursue other Federal, State and local funding to support affordable housing projects.</p>	<p>A-I-2: Housing Rehabilitation Program: Through the Community Development Block Grant (CDBG) Program, the City of Milpitas provide very low interest rate loan to lower income households for home repairs and improvements.</p> <p>A-I-3: Capital Improvement Program (CIP): The City of Milpitas CIP resources have been used to improve infrastructure, parks, and other community improvements (Library, Senior Center, etc.) to enhance the quality of life for Milpitas residents.</p>

Housing Element Guiding Principals	Status	Implementing Policies
		<p>A-I-4: Conversion Monitoring and Response Program: The City of Milpitas will continue to monitor units at risk of converting from below market rate to fair market rate. The Sunnyhills Apartments has renewed their long-term affordability until October 2011. HUD, County Housing Authority and City of Milpitas worked closed together with new management to prevent these units from being fair market rate units.</p> <p>A-I-5: Below-Market Rate Financing Program: The City of Milpitas will continue use its available resources (Redevelopment and CDBG) to assist housing developers to acquire and preserve affordable housing.</p> <p>A-I-5: Condominium Conversion Ordinance: The City of Milpitas will continue to administer the Condominium Conversion Ordinance to prevent the conversion of affordable rental units to for market value for-sale condominiums.</p> <p>Mobile Home Rent Control Ordinance: The City of Milpitas will continue to administer the Mobilehome Park Rent Control Ordinance which serves as affordable housing for certain income housing, most senior residents.</p>
B-G-1: Provide Adequate Sites for Housing Developments	The City of Milpitas General Plan Housing Element has identified twenty-eight (28) potential sites within the city that is deemed adequate to support 4,348 dwelling units established by ABAG as Milpitas regional fair share housing allocation. The	<p>B-I-1: Transit-Oriented Development Overlay Zone: The Midtown Specific Plan establishes the Transit-Oriented Development (TOD) zoning designation which allows up to 60 d.u's/per acre, if</p>

Housing Element Guiding Principals	Status	Implementing Policies
<p>B-G-2: Remove Constraints to Housing</p>	<p>majority of the sites are located in the Midtown Specific Plan Area.</p> <p>The City of Milpitas has taken several steps to address the removing of governmental constraints identified in the Housing Element. Amendments to the density bonus ordinance, deletion of the use permit process for higher densities in the Town Center Area, support of the Transit-Oriented Development Overlay Zoning District (to encourage higher densities in the Midtown Area), establish minimum housing densities in the Midtown Area, and creation of the mixed use zoning designations</p>	<p>development are located with one-fourth of a mile from a transit station. Reduction on development standards will be considered to promote higher densities within the Midtown Area.</p> <p>Minimum Housing Densities: The Midtown Specific Plan has established minimum densities to assist the city in meeting its regional fair share housing as required by ABAG.</p> <p>Mixed Use Zoning District: The Midtown Specific Plan allows Mixed Use Zoning (MXD) to accommodate residential and commercial land uses.</p> <p>Allowance for Housing in the Town Center Zoning District: This was identified as a governmental constraint in the draft Housing Element. The Zoning Ordinance was amended to permit housing development for higher densities without a required used permit.</p>
		<p>Rezone Commercial and Industrial Land to Allow Mixed Use and Residential Development: The Midtown Specific Plan has rezoned approximately 900+ acres of land to allow mixed use and residential development.</p> <p>B-1-2: Public Infrastructure constraints to housing production will be addressed as feasible:</p> <p>Sanitary and Storm Sewer Improvements: The Midtown Specific Plan EIR addresses the issues of sanitary and sewer improvements to accommodate future residential development. The City of Milpitas will continue to work with the City of San Jose, and the Santa Clara Valley Water District to make sure of adequate capacity to address needs.</p>

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		<p>Transportation Improvement Costs: City of Milpitas will continue to pursue federal and state funds to address transportation needs. Also, traffic impacts cause by development projects will be required to pay traffic impact fees.</p> <p>Union Pacific Site Access and Infrastructure Improvements: The City of Milpitas is still developing it strategy to address these issues. Initial communication has began with the Union Pacific Railroad</p> <p>Trade Zoning Boulevard Sewer Services: City of Milpitas is continuing to negotiate with the City of San Jose regarding this agreement</p> <p>Sewer Master Plan Follow-Up Measures: The project is on going with City staff reviewing support build-out and surplus capacities from other communities and other water conservation wastewater recycling measures for future implementation.</p> <p>Stormwater Detention Requirements Waivers: City Engineering staff is currently developing the standards and criteria for the waiver requirements.</p> <p>Calculations of Density on Parcels with Stormwater Detention Ponds: In the event on-site retention of stormwater is required for future development, the number of allowable units will be based upon the total site area and not net after the retention pond area is required.</p>

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		<p>B-1-3: develop incentives and marketing strategies to promote the redevelopment of sites within the Midtown Specific Plan Area</p> <p>Midtown Task Force: Over the past 1-2 years, the City of Milpitas staff has been meeting to address the implementation of the Midtown Specific Plan, reuse of land use, fee subsidies, and off-site improvements has been address to assist affordable housing development.</p> <p>Marketing and Promotional Materials: The City of Milpitas has produced marketing brochure and handouts to assist in the promoting the Midtown Area.</p> <p>Expansion of Redevelopment Area: In August 2003, the Milpitas City Council approved the expansion of the Redevelopment Project Area to include the Midtown Specific Plan Area.</p> <p>Commitment of Redevelopment Funds: The City of Milpitas continue to use it Redevelopment Agency 20% Set-Aside Housing funds to promote and encourage the development of affordable housing. To date, 726 affordable housing units has been financed by the RDA funds.</p>

Housing Element Guiding Principals	Status	Implementing Policies
		<p>Master EIR: The Midtown Specific Plan Environmental Impact Report (EIR) has been used as the umbrella document for environmental approval for those development projects that are in the Midtown Specific Plan Area.</p> <p>Land Acquisition and Site Assembly: The City of Milpitas has and will continue to work with developers on the acquisition and site assembly of smaller parcels to create more viable housing sites. The Midtown Specific Plan has conducted a site inventory to identify the smaller parcels within the area.</p>
		<p>B-1-4: Support the rezoning of marginal commercial areas to allow housing</p> <p>Rezoning of Dixon Landing Road and Fiesta Plaza from C-1 TO MXD by 2004: Staff is currently reviewing this project.</p>
<p>C-G-1: Promote Housing Affordability for both Renters and Homeowners</p> <p>C-G-2: Support Housing to Meet Special Needs</p>	<p>The City of Milpitas continues to require housing developers to provide affordable housing in their rental and for-sale projects. The Parc North (58 townhomes), Apton Plaza (19 rental units), Esdel Drive (4 existing rental units), USA Properties (senior housing), and K&B Homes level of affordability to be determined with rental and for-sale units), demonstrates the city's commitment to promote affordability in rental and homeownership projects.</p> <p>As required by Federal ADA Law, all multi-family</p>	<p>C-I-1 Facilitate the development of at least 351 new housing units affordable to low-income households and at least 698 new housing units to very low-income households.</p> <p>Below-Market Rate Financing Program: The City of Milpitas continue to work with developers on a variety of financial options and incentives in below market rate financing for developers and first-time homebuyers.</p> <p>Study Increasing the Redevelopment Housing Set-Aside: The option of increasing the</p>

Housing Element Guiding Principals	Status	Implementing Policies
<p>C-G-3: Support Diversity and Creativity in Residential Development</p>	<p>units must provide appropriate access to all first floor units to accommodate persons with special needs. The City of Milpitas Building Division enforces this provision.</p> <p>The City of Milpitas provides a variety of rental, townhomes, condominiums and single-family affordable housing units, which includes 1-2-and 3 bedrooms to accommodate diversity with different households. Creativity in the design of units is required by staff to enhance the quality of life within each development. Public and private open space, recreational amenities, visitors parking spaces, trash enclosures, pedestrian walkways, design of product type (exterior and interior) are reviewed by staff to provide creativity.</p>	<p>Staff is currently reviewing Redevelopment Agency housing set-aside funds from 20% to 30%.</p> <p>C-I-2: The City of Milpitas will continue to target the provision of at least 20 percent affordable units within new multi-family residential projects:</p> <p>Use of Planned Unit Development (PUD) Process to promote Affordable Units in Residential Projects: The PUD process has been used as the major vehicle to obtain affordable housing through permitting increased densities, reduction of development standards and financial assistance in obtaining the public benefit of affordable housing.</p>

Housing Element Guiding Principals	Status	Implementing Policies
		<p>C-I-3: milpitas will provide density bonus and other incentives for projects which provide affordable units:</p> <p>Amend Density Bonus Ordinance by 2004:</p> <p>Staff has amended the Zoning Ordinance to delete the required of the Density Bonus Overlay Zoning District, which was identified as a housing constraint in the draft Housing Element.</p> <p>Fee Subsidies for Affordable Housing: The City of Milpitas continues to provide financial assistance for affordable housing projects on a project-by-project basis. Development, traffic impact, school district and park fees are the types of fee assistant provided by the City of Milpitas.</p> <p>First-time Homebuyer program Needs Assessment: Staff is exploring the options of providing a first-time homebuyers program to assist various income households.</p> <p>Emergency/Transitional Housing: The City of Milpitas will continue to provide CDBG funding to assist the homeless population with shelter.</p> <p>Supportive Services for Homeless Families and Individuals: The City of Milpitas will continue to provide CDBG funds for supportive services to the homeless population.</p> <p>Zoning Amendment: Staff will be amending the Zoning Ordinance to include definition for group dwelling including shelters and conditional housing.</p>

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		<p>Supportive Housing for Disabled Person: City of Milpitas will continue to comply with Federal ADA laws to accommodate housing for disabled persons. All rental first floor units must be ADA accessible.</p>
		<p>C-I-6: Public Outreach Efforts</p> <p>Public Education: The City of Milpitas will continue to participate in first-time homebuyers seminars, and educated the general public on the available housing below market rate affordable housing units. The Milpitas Post, Cable TV, City's Website site, public buildings and MUSD are several vehicles used to promote and inform the public regarding affordable housing opportunities in Milpitas.</p> <p>C-I-7: The City support housing types such as live/work lofts</p> <p>Live/Work Lofts: City of Milpitas will continue to support a variety of housing types including live/work lofts that benefit Milpitas residents.</p> <p>C-I-8: The City will support the inclusion of studio and 4-BR units in new residential development</p> <p>Negotiate Housing Diversity: City of Milpitas will continue to support a variety of housing types including studio for young professional and 4-BR units for larger families that benefit Milpitas residents</p>

